

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

NOTICE OF ADJUSTMENT TO RATES)	
OF WEST KENTUCKY RURAL TELEPHONE)	CASE NO. 7927
COOPERATIVE CORPORATION, INC.)	

O R D E R

IT IS ORDERED that West Kentucky Rural Telephone Cooperative Corporation, Inc. shall file with this Commission by October 8, 1980 the following information:

1. A detailed Pro Forma Income Statement for the test year showing operations for the actual test year, normalized test year and pro forma test year. This data should be presented as shown in Format I, attached.
2. Detailed work papers showing calculations supporting all normalizing and pro forma adjustments to revenues and expenses in the Pro Forma Income Statement, together with a complete detailed narrative explanation of each adjustment, including the reason(s) for each adjustment. Explain all components of each calculation and index each calculation to the adjustment it supports.
3. A copy of REA Form 479 for each month of the test period and a copy of REA Form 479A for the periods ending December 31, 1978 and 1979. If these reports are not available on a monthly basis, provide the quarterly, semi-annual, or annual reports available for this period.
4. A statement of telephone plant in service per company books for the test year. The data should be presented as shown in Format II, attached.
5. Provide an analysis of Account 642-Advertising, and Account 675-Other Expenses. This data should be presented as shown in Format III, attached. Provide work papers in support of the analyses. The work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount and brief description of each expenditure. The purpose of each Advertising expenditure

should be shown. Detailed analyses are not required for amounts less than \$50 if the items are grouped by classes as shown in the attached format.

6. Provide a schedule of all charitable, social, or community contributions during the test year along with the account charged for each item.

7. Provide a schedule of all industry association and club dues for the test period along with the account charged for each item.

8. Provide a breakdown of the following accounts at the end of the test year:

a. Other Investments

b. Other Accounts Receivable

9. Provide the amount of contributions for political purposes (in cash or services), if any.

10. Provide the Applicant's Times Interest Earned Ratio and Debt Service Coverage Ratio, as calculated by the Rural Electrification Administration, for the test year and the five (5) preceding calendar years. Include the data used to calculate each ratio.

11. Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and five (5) preceding calendar years, including a narrative explanation of each component entering into the calculation of this rate.

12. a. Provide an explanation of the settlement contract(s) or method(s) used to arrive at applicant's Kentucky intrastate and interstate test period toll revenues.

b. Provide the traffic agreement presently in use for settlement purposes.

c. Provide explanations of the method(s) used to divide total toll revenues (whether received through settlements or otherwise) into the intrastate and interstate portions, broken down into message toll, WATS, private line (B-I and I-I if appropriate), foreign exchange, and any other items contributing to these portions.

d. Provide four copies of the toll settlement summary forms for each month beginning three (3) months prior to the test year and continuing up to the month of filing this rate application.

e. Provide a statement of concurrence from South Central Bell that the test period intrastate toll settlement revenue is correct, giving dollar amounts for each major class of toll service settled. If concurrence cannot be obtained, provide a detailed statement of differences.

13. a. Provide the status of all intrastate toll settlements, by major class of toll service, with South Central Bell that were pending at the beginning and at the end of the test period that would affect the test period intrastate toll revenues. Indicate the finality of these settlements, and if they are not final, give the expected amounts and the expected dates they will be finalized. These amounts are to be reconciled with book entries including amounts accrued for anticipated future settlement adjustments.

b. Provide written explanations with appropriate work papers of each charge or adjustment in intrastate toll settlements which was booked during the test year but was applicable to settlements outside the test year; and each change or adjustment which was booked outside the test year but was applicable to settlements covering portions of the test year.

c. Provide a written explanation with appropriate work papers of all pro forma adjustments made to bring the intrastate toll revenues to an end-of-test year level, such as those caused by settlement contract changes or separations procedure changes.

d. Provide any other information the applicant deems necessary to explain the debits and credits to its toll revenues in order to arrive at a representative level of end-of-test period intrastate toll revenues.

14. Provide a copy of the Company's Articles of Incorporation.

15. Provide a copy of the Company's current by-laws.

16. Provide details of the Company's policies regarding assignment, accumulation, and disbursement of patronage capital.

17. Provide a copy of the auditor's report from the Company's most recent audit.

18. Provide the dollar amount of employee concession telephone service for the twelve (12) months of the test year as shown in Format IV, attached.

19. Provide the actual billing analysis for the 12-month test period.

Done at Frankfort, Kentucky, this 23rd day of September, 1980.

UTILITY REGULATORY COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

PRO FORMA INCOME STATEMENT

WEST KENTUCKY RTCC

	<u>Actual</u> <u>Test Year</u>	<u>Normalization</u> <u>Adjustments (1)</u>	<u>Normalized</u> <u>Test Year</u>	<u>Pro forma (2)</u> <u>Adjustments</u>	<u>Pro forma</u> <u>Test Year</u>
<u>Revenue</u>					
<u>Operating Expenses</u>					
Maintenance Expensed					
Extraordinary Maintenance					
and Retirements					
Depreciation Expense					
Traffic Expense					
Commercial Expense					
General Office Salaries/Exp.					
Operating Taxes					
Other Operating Expense					
<u>Total Operating Expenses</u>					
Operating Margin					
Interest Expense					
Net Operating Margin					

- (1) Adjust for changes or increases that occurred during the test year.
- (2) Adjust for changes occurring subsequent to the test year.

West Kentucky Rural Telephone Cooperative Corporation

Case No. 7927

KENTUCKY COMBINED OPERATIONS
STATEMENT OF TELEPHONE PLANT IN SERVICE

Account Number	Account (a)	Depreciation Rate (b) (1)	Balance of Beginning of Year (c)	Additions (d)	Retirements (e)	Balance End of Year (f)	Intrastate Percent (g)	Intrastate Portion (h)
201	Organization							
202	Franchises							
203	Patent rights							
211	Land							
212	Buildings							
221	Central office equipment							
231	Station apparatus							
232	Station connections							
234	Large private branch exchanges							
241	Pole lines							
242.1	Aerial Cable							
242.2	Underground cable							
242.3	Buried cable							
242.4	Submarine cable							
243	Aerial wire							
244	Underground conduit							
261	Furniture and office equipment							
264	Vehicles and other work equipment							
100.1	Total telephone plant in service							

(1) Indicate if any depreciation rates changed during the test year.

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KENTUCKY COMBINED OPERATIONS
SUMMARY OF ACCOUNT NO. 675 - OTHER EXPENSES

<u>Line</u> <u>No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1.	Valuations, inventories, and appraisals	
2.	Business Information System (BIS) expense	
3.	Purchase of employees service emblems	
4.	Membership fees and dues	
5.	Directors' fees and expenses	
6.	Printing Annual Report	
7.	FCC Filing and Grant Fees	
8.	Company apportioned amounts for various items	
9.	Other items (itemize)	
10.	-	
11.	-	
12.	Total	

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KENTUCKY COMBINED OPERATIONS
ACCOUNT 642 - ADVERTISING

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Rate</u> <u>Case</u> <u>(d)</u>	<u>Total</u> <u>(e)</u>
1.	Newspapers and periodicals				
2.	Booklets and pamphlets				
3.	Bill inserts				
4.	Displays, exhibits, posters, and placards				
5.	Motion pictures				
6.	Radio				
7.	Television				
8.	Salaries and wages				
9.	Other advertising				
10.	Other expenses				
11.	Total				

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COMMONWEALTH OF KENTUCKY

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EMPLOYEE CONCESSION TELEPHONE SERVICE

	No. of People	Local		Toll	
		Main Stations	Other Services	Intrastate	Interstate
Kentucky Revenue Loss					
General Office Personnel (By percentage allowance)		\$	\$	\$	\$
Kentucky Operations (By percentage allowance)					
Affiliated Company Employees (By percentage allowance)					
Allowance Provided Employees Served by Other Telephone Companies					
Retired and Disabled Employees (By percentage allowance)					
Other					